

CHAPTER 2

ACQUISITION PLANNING

LOOKING INTO A CRYSTAL BALL

A program manger comes to see you about some services and supplies his program area needs to acquire. Two hours later, another program manager stops by and asks for your help in determining what supplies and services her program area will need over the next few years.

What is a program manager responsible for when forecasting program area needs?

What assistance can you offer?

What if your activity has a number of program areas in need of the same services and supplies?

COURSE LEARNING OBJECTIVES

At the completion of this course, you should be able to:

Overall:

Assist requiring activities in drafting program plans, cost estimates, and schedules.
Forecast total probable requirements for each of the next several fiscal years, by line item.
Prepare or update an acquisition plan.
Determine whether to provide for additional funding requirements in a contract.

Individual:

FORECASTING REQUIREMENTS

- 2.1.1 Identify supplies and services likely to be procured during the next several fiscal years.
- 2.1.2 Advise requiring activity managers of their roles and responsibilities in meeting program needs through the procurement process.
- 2.1.3 Assist requiring activities in planning, programming, and budgeting for requirements.
- 2.1.4 Consolidate and forecast total requirements for all requiring activities.
- 2.1.5 Calculate economic ordering quantities and schedule purchases for each requirement.

ACQUISITION PLANNING

- 2.2.1 Obtain procurement-related data from the requiring activity and market research.
- 2.2.2 Determine whether a written acquisition plan is required.
- 2.2.3 Determine whether an existing acquisition plan applies to the current requirement.
- 2.2.4 Prepare and maintain the acquisition plan.

FUNDING: ADDITIONAL REQUIREMENTS

- 2.3.1 Determine whether to provide for additional funding requirements.
- 2.3.2 Incorporate terms and conditions for the selected method(s) of providing for unfunded requirements.
- 2.3.3 Document the rationale for multi-year contracting and/or options.

INTRODUCTION TO FORECASTING REQUIREMENTS

Acquisition planning is a keystone in a successful acquisition program. One aspect of acquisition planning is forecasting what supplies and services a requiring activity is going to need.

Forecasting involves identifying the supplies and services that are likely to be needed over several fiscal years and then developing plans, cost estimates, and schedules related to the acquisition of the items.

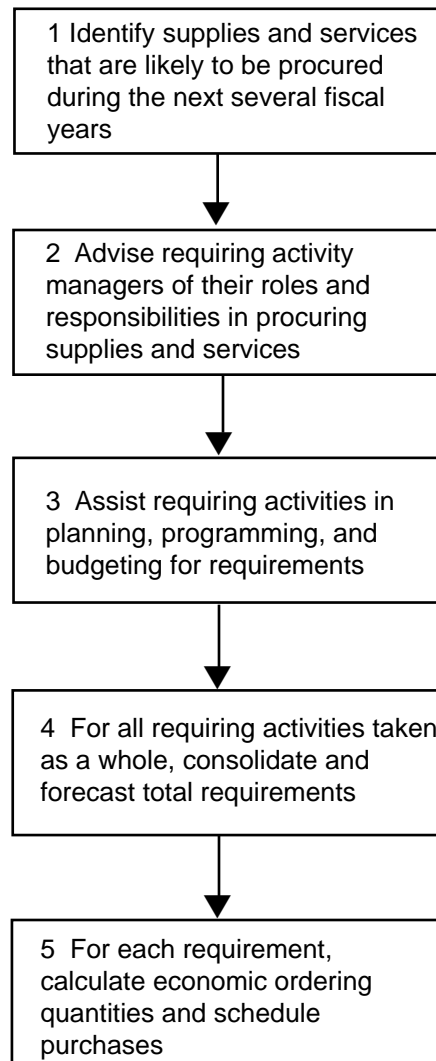
Forecasting is performed by the requiring activity with assistance from the contracting office. As a contract specialist, you'll want to ensure that the program plans, cost estimates, and schedules that come out of the forecasting phase are—

- Sufficient to prepare acquisition plans;
- Geared to the Government's minimum need;
- Written in terms that accurately reflect the market's capabilities (leadtimes, production, delivery, and cost) and procurement leadtimes;
- Designed to obtain maximum competition;
- In conformance with the policy (OMB Circular A-76) of reliance on the private sector for commercial services; and
- Sufficient to forecast funding needs (amount and timing).

Steps in Performance

The steps in forecasting requirements are charted on the next page. The process is discussed following the flowchart.

STEPS IN FORECASTING REQUIREMENTS



STEPS IN FORECASTING REQUIREMENTS

2.1 FORECASTING REQUIREMENTS

2.1.1 Identify Supplies and Services Likely to be Procured

A requiring activity must identify supplies and services that it will need in the future. You can assist requiring activities in doing this by identifying and analyzing potential sources of information on future requirements. These sources include—

- Projections from data on past procurements;
- Planning, programming, and budgeting documents;
- Surveys of requiring activities and other program planners;
- Participation in meetings to plan, program, and budget for agency missions; and
- Other documents (e.g., those obtained by adding one's name to the reading lists for reports, staff meeting minutes, and other documents from requiring activities)

2.1.2 Advise Requiring Activity Managers

You may need to advise requiring activity managers of their roles and responsibilities in meeting program needs. Among other things, requiring activity managers are responsible for—

- Identifying items and services to be acquired;
- Designating resources to carry out the acquisition plan (specification writers, technical evaluation teams, technical representatives, etc.).
- Preparing and providing supporting data for recommended justifications if other than full and open competition is to be used in acquiring any requirements; and coordinating with and obtaining the concurrence of the competition advocate;
- Ensuring that purchase requests are prepared; and
- Communicating and coordinating identified requirements with contracting personnel to determine how to acquire what is needed and how acquisitions can be accomplished on schedule. This includes determining and incorporating procurement lead times in program plans and schedules.

FAR 3.104-3(c)

2.1.3 Assist Requiring Activities in Planning, Programming, and Budgeting for Requirements

The requiring activity manager should also ensure that his or her staff understands that they shall not knowingly disclose any source selection and proprietary information regarding the procurement directly or indirectly to any person other than a person authorized by the agency head or the contracting officer to receive such information.

The requiring activity manager is responsible for leading the preparation of initial program plans, cost estimates, and schedules. As a contract specialist, you may be asked to assist in the preparation of such items. You'll want to ensure that the materials put forth by the requiring activity—

- Describe program needs (i.e., technical objectives);
- Identify and sequence the tasks necessary to accomplish overall objectives;
- Identify sub-objectives and the project office assigned each task;
- Identify the required resources; and
- Estimate length of time per task.

Once an initial program plan has been prepared, you can provide assistance to the requiring activity by collecting data from acquisition histories and market research related to the program objectives and tasks. Collect relevant data on the following:

- Current suppliers;
- Potential suppliers;
- New or upgraded products and services;
- Products and services capable of being modified to meet the Government's needs;
- Trends in technology, price, supply, and demand;
- Trends in terms, conditions, and warranty practices for commercial sales;
- Previous procurement strategies, acquisition plans, and lead times; and
- Problems and issues in the award and administration of previous contracts.

Once information about the market has been collected, the market's capability for accomplishing program objectives needs to be estimated. Use data available on past acquisitions and market research to extrapolate information on—

- Procurement costs;
- Procurement, delivery, and production leadtimes;
- Risks of not meeting targets (performance, cost, or schedule); and
- Tradeoffs between design options and procurement costs, leadtimes, and risks.

You should also ensure that the requiring activity considers technique(s) available for testing and improving the Government's description of required supplies and services. Potential techniques include—

- Design competition (contract for specification and prototype development);
- Industry panels to assist in specification development;
- Solicitations for information or planning purposes;
- Presolicitation notices; and
- Presolicitation conferences.

You could also identify and recommend a strategy for enhancing competition or otherwise yielding a better market response. Potential strategies include—

- Publication of long-range acquisition estimates and broad agency announcements;
- Use of commercial specifications, standards, and products;
- “Breaking out” components that can be competed (e.g., spare parts);
- Requesting relief from restrictive policies (including ceiling restrictions that preclude in-house performance);
- A-76 competition (consider in-house performance as an alternative to contracting and vice versa);
- Source development (e.g., dual sourcing, licensing) when currently locked into a single (in-house or contractor) source;
- Purchasing data rights;
- Market surveys; and
- Consolidation of requirements to attain economic ordering quantities.

Based on the selected strategy or strategies for procuring the requirement, the requiring activity provides a final estimate of—

- Procurement lead times;
- Supplier production and/or delivery times; and
- Estimated market prices and/or other procurement costs.

2.1.4 Consolidate and Forecast Total Requirements for All Requiring Activities

For all requiring activities supported by the procurement office taken as a whole, consolidate and forecast requirements that are likely to be incorporated in purchase requests during the following fiscal year.

List probable line items and, for each line item, the probable quantity, cost, and procurement milestones.

2.1.5 Calculate Economic Ordering Quantities and Schedule Purchases

FAR 7.202

Agencies are required to procure supplies in such quantities as—

- Will result in the total cost and unit cost most advantageous to the Government, where practicable; and
- Does not exceed the quantity reasonably expected to be required by the agency.

For each requirement, identify economic order quantities and a tentative schedule of purchases. Correctly calculate economic ordering quantities and establish a schedule that is optimal in terms of inventory costs, purchasing costs, and mission needs.

PLAN ON PLANNING

Once a need or needs have been forecast, you must determine what to do next; that is, you need to establish some kind of plan to acquire the requirement.

Does the plan have to be in writing?

Who puts the plan together?

Can you use a similar plan if one exists?

What does the plan have to include?